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No. 210

In the Supreme Court of the United States

OCTOBER TERM, 1964

BERNARD E. BERLENBACH, also called BARNEY BERLENBACH, and doing business under the fictitious name of SKI-FREE COMPANY, *Petitioner,*

vs.

ANDERSON AND THOMPSON SKI CO., INC., a corporation, *Respondent.*

WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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THE ARGUS PRESS SEATTLE, WASHINGTON

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RESPONDENT'S BRIEF IN OPPOSITION

THERE IS NO CONFLICT WITH THE DECISIONS OF THIS COURT

Petitioner claims that the decision below is in conflict with *Standard Oil Co. of California v. United States*, 337 U.S. 293, 69 S.Ct. 1051, 93 L.Ed. 1371 (1949); *Tampa Electric Co. v. Nashville Coal Co.*, 365 U.S. 320, 81 S.Ct. 623, 5 L.Ed. 2d 580 (1961); and *White Motor Co. v. U. S.*, 327 U.S. 253, 83 S.Ct. 696, 9 L.Ed.2d 738 (1963), and that the Court of Appeals in the present case erred in holding that these three anti-trust decisions, none of which involved questions of patent misuse, overrule the patent misuse concepts proclaimed by this Court in *Morton Salt Co. v. Suppiger Co.*, 314 U.S. 488, 62 S.Ct. 402, 86 L.Ed. 363 (1942), a case in which there was not an anti-trust vio-

lation. As properly stated by the lower court, the *Morton Salt* case (at page 490) specifically rejected petitioner's argument that patent misuse must be of such gravity as to violate the Clayton Act in order to bar relief in a patent infringement action.

The "particular form or method by which the [patent] monopoly is sought to be extended is immaterial." *United States v. Univis Lens Co., Inc.*, 316 U.S. 241, 251, 62 S.Ct. 1088, 1094 86 L.Ed. 1408 (1942); *United States Gypsum Co. v. National Gypsum Co.*, 352 U.S. 457, 77 S.Ct. 490, 1 L.Ed.2d 465 (1957).

THERE IS NO CONFLICT AMONG THE CIRCUITS

Petitioner alleges that the decision of the Ninth Circuit in the present case is in conflict with the holding of the Sixth Circuit in *Preformed Line Products Co. v. Fanner Manufacturing Co.*, 328 F.2d 265, 6th Cir., 1964, because in the latter case the court relied upon the *Tampa Electric Co.* case, *supra*, with regard to its consideration of the exclusive dealing arrangement. But, in the *Preformed Line Products Co.* case the appellate court was only concerned as to whether or not the exclusive dealing arrangement violated the antitrust laws. It did not consider whether or not an exclusive dealing arrangement constitutes patent misuse, for it had earlier in its decision affirmed the district court in holding that the sale of patented dead ends, conditioned on the purchase by the buyer of other products not within the protection of the patent, was "both a patent misuse (abusive extension of the patent monopoly) and a violation of Section 3 of the Clayton Act (by a tying arrangement)." In the present case

there never has been a question of anti-trust violation, and hence there was no occasion for the lower court to concern itself with the *Tampa Electric Co.* decision.

THERE IS NO CONSTITUTIONAL QUESTION

Petitioner has not been deprived of the right to grant licenses under his patent by reason of a summary adjudication without a trial.

It is well settled law that when a patentee enters into an agreement to transfer a particular right or interest in his patent, the true nature and effect of the agreement does not depend upon the name by which it calls itself, but upon the legal effect of its provisions. *Waterman v. Mackenzie,* 138 U.S. 252, 11 S.Ct. 334, 34 L.Ed. 923. The right to manufacture, the right to sell, and the right to use are each substantive rights, and may be granted or conferred separately by the patentee. *Adams v. Burke,* 17 Wall. 452, 21 L.Ed. 700.

By holding that the petitioner had already exclusively granted in its agreement with Northland Ski Manufacturing Co. the exclusive right to sell the patented ski bindings, and that therefore petitioner did not have the right to later license respondent to manufacture and sell ski bindings under the patent, the trial court did not deprive petitioner of property rights, but merely held that petitioner had already voluntarily disposed of these property rights.

Even if the Northland agreement had been considered ambiguous or uncertain by the circuit court, it was not within its proper or legal functions as a court of review to reject the construction given the writing by the trial court if such construction were considered

to be a reasonable one. The circuit court did not find that the Northland agreement was ambiguous or that the trial court's construction of the agreement was unreasonable. This is clear from the fact that the circuit court's affirmation of the trial court's decision on the issue of patent misuse was based on the language of the Northland agreement.

On the issue of estoppel by Northland raised by petitioner, during the hearing of respondent's motion for summary judgment the trial judge gave both parties opportunity to offer deposition testimony, documentary evidence, and to present further testimony. Although given ample opportunity, respondent failed to offer any evidence supporting its present contention that there is an estopped against Northland to contest the validity of the license to respondent.

Clearly, petitioner has not been denied or deprived of due process of law in the present case.

THE LOWER COURT'S DECISION IS NOT PREJUDICIAL TO SMALL COMPANIES

Without factual basis, at page 7 of the petition, petitioner states that a small manufacturer must, in order to survive, appoint an exclusive distributor and require the distributor to refrain from handling the goods of a competitor. Based on this erroneous premise, and an assumption that small companies cannot afford to hire salesmen, petitioner concludes that small manufacturis an estoppel against Northland to contest the validity reaching this erroneous conclusion, petitioner has completely overlooked the wide use of commission sales-

men and manufacturers representatives by small companies to distribute their products.

When a patentee is granted the patent monopoly he takes on duties to the public as well as receiving benefits, whether his business is small or large. This is his voluntary choice. Even if economically small, he should not complain because his duties to the public do not permit him to act as one who does not have the benefits of a patent monopoly.

CONCLUSION

For the reasons set forth above, the petition for certiorari should be denied.

Dated, Seattle, Washington
July 17, 1964

Respectfully submitted,

JAMES W. DENT
Counsel for Respondent.

Of Counsel
RICHARD W. SEED